

THE LAWYER'S PC®

A Newsletter for Lawyers Using Personal Computers

Volume 27, Number 2

Published by Thomson Reuters/West

October 15, 2009

PRACTICING LAW ONLINE *VIRTUAL LAW PRACTICE ISN'T A DREAM. IT'S HERE. NOW.*

By Daniel E. Harmon, Editor

If you aren't at least *beginning* to conduct your law practice online, you might find yourself sliding into the nether world of antiquarian law practice Real Soon Now. That's the opinion of electronic lawyering pioneer Richard Granat and other e-lawyering advocates. Granat chairs the eLawyering Task Force of the American Bar Association's Law Practice Management Section. He's been exploring the notion of delivering legal services electronically since the beginning of the PC era, some 30 years ago. He founded DirectLaw, Inc., (based in Maryland and Florida) and now serves as its president. DirectLaw has come up with an interesting thing: the DirectLaw Virtual Law Firm Platform, an SaaS product. The system has been described as a "virtual law firm in a box."

Does this mean veteran lawyers—as well as newbie law school grads—can forget physical restrictions, hang out their proverbial "shingles" online, and work from anywhere on the planet they find convenient?

It's an intriguing question. Granat has an intriguing answer: yes. "It is certainly technically possible now," he states. "In fact, we [DirectLaw] just announced a new discounted program for lawyers in their first year of practice. The limit step is having the resources to advertise over the Internet on Google and Yahoo! and to create effective client development strategies. It takes time to get listed in the search engines and to get visibility." He adds, "The more specialized you are, the easier it is to get noticed." Granat inserts a caveat, though, for emerging young lawyers. "I doubt that their practices will be completely virtual to start. They will still have an office/community presence to get local visibility. So the issue is not really technology; it's a marketing problem."

Granat recently was dubbed a "legal rebel" by the ABA Journal, which cited his innovation in leveraging the Internet to deliver legal services to clients faster, more cost-efficiently and generally "better." Granat isn't sure he's comfortable with the "rebel" appellation, but he firmly believes virtual lawyering is in the offing. He gave us this interview.

The Lawyer's PC: When did you first begin developing the concept of a "virtual law firm in a box," which has come to fruition as DirectLaw's Virtual Law Firm Platform?

Granat: I started thinking about this in 2005, when I launched my own virtual law firm at www.mdfamilylawyer.com. This Web site won an honourable mention award from the ABA Standing Committee on the Delivery of Legal Services, Louis M. Brown Award.

LPC: When did DirectLaw begin providing the new SaaS [Software as a Service]?

Granat: January 2009.

LPC: What were the main challenges you had to meet in order to make it secure, efficient and effective? Did you encounter unforeseen hurdles?

Granat: We have been running secure Web sites since 2001 through our affiliate company, www.epoq.us (see www.smartlegalforms.com, for example, and for institutional clients such as ARAG (www.araggroupp.com), and Aetna Life Insurance company (see www.ichoosellegal.com). All of these sites are serviced from our industrial-strength hosting provider based in Baltimore (www.datapointinc.com). Our serving facilities have undergone a rigorous review by four major insurance companies in terms of security, prior to the start of the DirectLaw project, so this was not a problem. We had already been running over 20 legal form Web sites with a secure client space and my own virtual law firm for several years, so it was only a matter of adapting a proven technology to another marketing channel. So we didn't have a problem dealing with security or basic Web site architecture issues. One basic challenge has been developing a library of automated state-specific documents as we roll out the service nationwide. Since we are including automated libraries within our subscription fee, we have to make sure that major document products such as no-fault divorce forms are fully automated and pick up all state and county variations. This is a very capital-intensive process, and while we have a large library of state-specific documents, we still don't have "no-fault divorce" for some of the small states. As each month goes by, we are closing this gap.

A second challenge was developing a programming approach so that we could launch a new law firm virtual platform that was customized for that law firm, almost automatically. At the price point that we are offering our subscription service, we had to automate the process of creating an individual law firm's virtual platform customized for that law firm. We overcame this obstacle. We can launch a new law firm in about two hours, including importing the law firm's graphics to the "back end" Web site so that it looks like it is seamlessly integrated with the front end.

You can see some of these law firm sites here: www.directlaw.com/clients.asp.

LPC: What has been the response to the service so far?

Granat: We have signed up over 55 law firms since January 2009. We believe we are attracting early adopters, and it takes some time for this concept to mainstream. My estimate is two to three years before we penetrate a large number of law firms. Nevertheless, we continue to pick up one to two new law firms a week, and the interest is very strong. We should be at 75 law firms by December 2009. Each law firm generates about \$3,000 a year in revenue, so we are still at the start-up stage. We are financing this development from the other part of our business (legal forms business), which remains very healthy.

We can get a new law firm up and running in a few hours, in terms of setting up the law firm back end. We are reliant on the law firm to have its own front-end Web site so we can integrate with that Web site. In some cases, we will develop the front-end Web site for the law firm for an additional fee—and this takes more time to launch. We charge an additional fee when we are asked to develop the front-end Web site. Otherwise, there is no set-up fee, just a monthly subscription fee.

Our goal is to make some very sophisticated Web technologies available to solos and small law firms without a major capital investment on their part. It is the same business model that was used by www.salesforce.com to offer sophisticated sales and marketing tools to small businesses over the Web for a low monthly subscription fee.

LPC: Is the Virtual Law Firm Platform better suited for certain types of practices than others?

Granat: For now, we are focusing on document-intensive practices, because our core technology is a Web-enabled document automation system called Rapidocs, which we license from our affiliate company in the U.K.—www.epoq.co.uk. Document-intensive practices include family law, estate planning, consumer law and small business law. We are also automating a set of Web-enabled bankruptcy forms for a Chapter 7/Chapter 13 bankruptcy practice. Firms that have a document-intensive practice can use our platform to create a new stream of revenue by acquiring Web-savvy consumers who are looking for a virtual law firm as an alternative to a traditional practice.

LPC: It's been asserted that electronic lawyering will be mainstream in three years. Is that your personal assessment? Is it based on specific trend studies?

Granat: It is not based on specific trend studies; just my sense of how long it will take for these concepts to really take hold. We noticed a real upswing in interest this past year as LegalZoom's advertising escalated, and www.legalzoom.com continues to take market share from solos and small law firms.

Also, we make some distinctions between a "virtual law firm" and the "eLawyering concept." My task force, the eLawyering Task Force of the ABA/LPM Section, has been developing this set of definitions:

"eLawyering" means "the different ways in which lawyers can do their work using the Web and associated Internet technologies and lawyering activity that uses electronic networks in distinctively legal ways. These include new ways to communicate and collaborate with clients, prospective clients and other colleagues and lawyers, produce documents, settle disputes and manage legal knowledge. Think of a lawyering verb—interview, investigate, counsel, draft, advocate, analyze, negotiate, manage, and so forth—and there are corresponding electronic tools and techniques. eLawyering utilizes Web-based digital applications to complement and enhance the work of an attorney."

A "virtual law practice" is "a professional law practice that exists securely online and is accessible to the legal professional and his or her clients and provides an environment where the client can access legal services securely online. Some of these legal services may be provided by the attorney, such as legal advice. Other legal services, such as Web-enabled document automation, combine a digital technology with the traditional skills of the lawyer. A defining characteristic of a 'virtual law practice' is the concept of a secure client portal Web site, to distinguish it from other situations where the lawyer is delivering legal services in the traditional way, but just doesn't have a physical office."

eLawyering takes place inside a virtual law practice. An attorney with a traditional law office may operate a virtual law practice as an extension of his or her office-based physical practice—or a virtual law practice may be completely online without physical interaction between lawyer and client. In both cases, the lawyer may use some eLawyering technologies as well as more traditional skills.

LPC: Is the trend toward online practice simply the result of all lawyers performing more and more of their ordinary work—communications, research, document sharing, videoconferencing, etc.—online, or has the rise of SaaS offerings been the major driving force?

Granat: We don't consider [certain SaaS] applications examples of a virtual law firm or eLawyering. They are back-office practice management systems that are offered on the Web, rather than Windows applications. Just doing tasks, such as legal research, doesn't make you into a virtual law firm. Just because you don't have a physical office and you are conducting your work and communications with your clients by e-mail doesn't make you a virtual law practice. We (the eLawyering Task Force), define a true virtual law firm by its Web architecture, which provides a

client portal where a client can securely interact, collaborate, communicate, receive legal advice, etc., with the lawyer online.

Lawyers are doing more tasks on the Web because the applications are becoming available and it is satisfying, cost-effective and efficient to use those applications, rather than a Windows application. A Web-based application has functionality that a Windows-based, desktop application can't have.

LPC: The *ABA Journal* has labeled you a “legal rebel” for your innovations. Do you consider yourself a “rebel” in the sense of bucking the traditional way of law practice, or would you prefer to be known instead as an “innovative leader?”

Granat: I really don't know. Not for me to say. I know that we are still appealing to primarily early adopters and that there is a lot of resistance to the concepts of practicing law online. I have been there before. When I helped start the first paralegal program, lawyers were very resistant to the concept. In 1983, I published one of the first automated litigation support programs; it was written in dBase and ran on the first IBM PC. It took five years for the concept to mainstream. I am always underestimating how long it takes for lawyers to adopt new methods, technologies, processes, ways of thinking. I have probably underestimated the adoption curve for the virtual law firm concept as well. It may not happen next year or the year after, but at some point it will become a dominant paradigm. The Facebook and Myspace generation, as they grow older, have their own legal problems and will want to deal with their lawyers online, just like they deal with everyone else online.

LPC: Do you think a document-intensive (or any other type of) practice ever can become *totally* virtual, without a brick-and-mortar location? (The entire practice might be contained on a high-end laptop PC with the necessary peripherals, using cloud storage and apps, conducting all client interviews and colleague consultations via video or mobile phone, performing all communications and document exchanges online or via moby.) If so, how long before we're there?

Granat: I think we are there now. My own law practice (www.mdfamilylawyer.com) is completely virtual and I never see a client. I was able to develop this practice because of connections and visibility that I have in Maryland, so this might not be true of all kinds of law practice. For a practice like this to succeed, you need a niche reputation so clients will come to you over the Internet because of your expertise. I know of several other virtual law practices like mine, in different practice areas.

LPC: What's the next stage we'll see in electronic lawyering?

Granat: As computing power continues to increase, there will be more powerful and easier-to-use authoring systems that will enable lawyers without programming skills to create digital applications that complement, or even substitute for, the work of an attorney. Automated legal documents will be easier to program.

Intelligent Web advisors and intelligent diagnostic checklists will proliferate, authored by attorneys and published on the Web. Intelligent calculators, such as alimony calculators and child support calculators, will become more robust and available for free on the Internet.

The selling price of intelligent legal forms will approach zero. Lawyers will have to learn to adapt to an environment where legal information and legal tools will be very low in cost, or free. Lawyers will have to learn how to integrate these tools into their law practices and other, new, blended services that are part digital and part human that offer the consumer a real added value. Lawyers will have to learn how to compete and coexist with nonlaw firm legal information providers like LegalZoom. They can compete by offering what I call eLawyering services.